

CHAPTER 16  
ACCOUNTING

[Prior to 10/8/86, Commerce Commission250]

**199—16.1(476) Accounting—general information.**

**16.1(1) *Application of rules.*** These rules shall apply to any utility operating within the state of Iowa under the jurisdiction of the Iowa state utilities board and are made pursuant to Iowa Code chapter 476, subject to the following conditions:

*a.* If unreasonable hardship to a utility or to a customer results from the application of any rule herein prescribed, application may be made to the board for the modification of the rule or for temporary or permanent exemption from its requirements.

*b.* The adoption of these rules shall in no way preclude the board from altering or amending them, or from making such modifications with respect to their application as may be found necessary to meet exceptional conditions.

*c.* These rules shall in no way relieve any utility from any of its duties under the laws of this state.

**16.1(2) *Effect of rules.*** In prescribing uniform systems of accounts for public utilities, the board does not commit itself to the approval or acceptance of any item set out in any account for the purpose of fixing rates or in determining other matters before the board. The prescribed systems of accounts are designed to set out the facts in connection with all sources of funds including incomes and amounts due and receivable from each source, and the amount expended and due for each purpose distinguishing clearly all payments for operating expenses from those of new construction, extensions and additions to property; and to provide for balance sheets showing various assets and liabilities and various forms of proprietary interest under uniform classifications; and, therefrom, the board will determine, in connection with such matters as may be under advisement from time to time, what consideration shall be given to the various items in the several accounts.

**16.1(3) *Implementation of rules.*** These rules shall be effective on January 1, 1978. However, any utility may earlier, at its option and with prior notification to the board implement the provisions of these rules in lieu of the rules hereby superseded.

**199—16.2(476) Uniform systems of accounts—electric.** The uniform systems of accounts for public utilities and licensees subject to the provisions of the Federal Power Act, Parts 101 and 104 in the Federal Energy Regulatory Commission's rules and regulations, in effect on April 1, 1973, together with amendments thereto issued through February 2, 1977, and the January 1, 1978, uniform system of accounts for rural electric cooperatives prescribed for electric borrowers of the Rural Electrification Administration, as applicable, are adopted with the following modifications:

**16.2(1)** Definition 7 is changed to read: "'Commission,' means the Iowa state utilities board except where reference is made to the licensing authority of the Federal Energy Regulatory Commission (as in Definitions 19 and 24), where 'Commission' shall mean the Federal Energy Regulatory Commission."

**16.2(2)** Definition 26 is changed to read: "'Public Utility,' means any natural or legal person, or other entity, defined as a public utility and made subject to the authority of the Iowa state utilities board by Iowa Code section 476.1."

**16.2(3)** General instruction 1-A of the uniform systems of accounts for electric utilities is changed for Class D electric utilities to read: "Utilities having annual electric operating revenue of less than \$150,000.00."

**16.2(4)** General instruction 1-B of the uniform systems of accounts for electric utilities is modified by adding the following sentence: "Utilities subject to rate regulation by the board shall keep all the accounts of these systems of accounts which are applicable to their affairs, and utilities not subject to rate regulation shall keep the accounts of these systems of accounts for operating revenues only."

**16.2(5)** General instruction 1-D of the uniform systems of accounts for electric utilities is modified by adding the following sentence: "It is recommended but not required that electric utilities not subject to rate regulation keep all applicable accounts as recommended for Class A, B, C and D utilities."

**16.2(6)** General instruction 2-D of the uniform systems of accounts for electric utilities is modified by adding the following sentence: “This shall not prohibit the electric utilities from using such additional accounts as they are required or permitted to keep for their reporting to other regulatory authorities or to their stockholders providing the board is notified of the nature, amount and purpose of such accounts in the annual report to the board and at such other times as may be requested by the board.

**16.2(7)** The definitions for the uniform systems of accounts for electric utilities, when used in account 424, “Promotional Practices,” are modified to include the following definitions:

50. The word “*affiliate*” shall mean any person doing business in this State who directly or indirectly controls or is controlled by or is under common control with, a public utility.

51. The words “*appliance or equipment*” shall mean any device, including a fixture, which consumes electric energy and any ancillary device required for its operation.

52. The word “*consideration*” shall mean any cash, donation, gift, allowance, rebate, bonds, merchandise (new or used), property (tangible or intangible), labor, service conveyance, commitment, right or other thing of value.

53. The word “*financing*” shall include acquisition of equity or debt interests, loans, guarantee of loans, advances, sale and repurchase agreements, sale and lease back agreements, sales on open account, conditional or installment sales contracts, or other investment or extensions of credit.

54. The word “*person*” shall include an individual, architect, builder, engineer, subdivider, developer, dealer, group, firm, partnership, corporation, cooperative, association, or other organization, but not including state or local political subdivisions or municipal corporations.

55. The words “*public utility*” or “*utility*” shall include persons defined to be public utilities in Iowa Code section 476.1.

56. The words “*promotional practices*” shall mean any consideration offered or granted by a public utility or its affiliate to any person for the purpose, express or implied, of inducing such person to select or use the service or additional service of such utility, or to select or install any appliance or equipment designed to use such utility service; provided that the words “promotional practices” shall not include the following activities:

(a) Providing repairs and service to appliances or equipment of customers of a public utility in an emergency or to restore service or to prevent hazardous conditions or service interruptions.

(b) Inspection and adjustment of appliances or equipment by a public utility.

(c) Repairs and other maintenance to appliances or equipment by a public utility that could be performed by an independent appliance dealer or service shop if charges are at a cost or above.

(d) Providing service, wiring, piping, appliances, or equipment in accordance with tariffs, rules or regulations of a public utility on file with and approved by the board.

(e) Providing appliances, equipment or instructional services to an educational institution for the purpose of instructing students in the use or repair of such appliances or equipment.

(f) Providing discounts or financing employees of a public utility to encourage their use of the utility’s service.

(g) Merchandising and related inventorying of appliances or equipment for sale at retail and making and fulfilling reasonable warranties against defects in material and workmanship in appliances or equipment existing at the time of delivery; the elimination of hazardous conditions which due to a grandfather provision would not be corrected by the customer and yet would require correction to protect the public and minimize company liability.

(h) The replacement or alterations to a customer’s obsolete or inefficient system.

(i) Technical, informational, or educational assistance offered to persons on the use of energy furnished by a public utility or on the use of maintenance of appliances or equipment.

(j) Lunches, gifts, door prizes, etc., presented for attendance at informational meetings, conferences, etc., valued at \$10 or less shall not be considered to be a promotional practice.

(k) Providing appliances or equipment incidental to exhibitions, demonstrations, tests or experiments of reasonable duration.

(l) Any promotional practice, or program which includes a promotional practice, designed to develop or implement programs that promote energy efficiency and are part of the utility's energy efficiency plan developed pursuant to 199 IAC 35.

**16.2(8)** The uniform systems of accounts for electric utilities are modified to include the following:

**424 Promotional Practices**

This account shall include the cost of labor, materials used and expenses or losses incurred by the utility or an affiliate (where such costs are charged back to the company) on promotional practices. Promotional practices, or programs which include promotional practices, and the labor, materials, and expenses related to promotional practices, which are exempted by subrule 16.7(2) need not be included in this account. The account shall include, but not be limited to, the following items:

A. The financing of land or the construction of any building when same is not owned or otherwise possessed by the utility or its affiliate without Board written approval.

B. The furnishing of consideration to any person for work done or to be done on property not owned or otherwise possessed by the utility or its affiliate, except for the following: Studies to determine comparative capital or operating costs and expenses, or to show the desirability and feasibility of selecting one form of energy over another, contributions for research and development of new energy sources, etc.

C. The acquisition from any person of any tangible or intangible property or service for a consideration in excess of the value thereof or the furnishing to any person of any tangible property or service for a consideration of less than the value thereof. "Value" in this instance is defined as the fair market price of the property or service under competitive market conditions and under arm's length conditions.

D. The furnishing of consideration to any person for the sale, installation, or use of appliances or equipment of one form of energy over another. Employees who are paid a commission in lieu of salary for the initial sale of appliances are exempted.

E. The provision of free, or at less than cost or value, wiring, piping, appliances, or equipment to any person; provided that a utility, engaged in an appliance merchandising sales program, shall not be precluded from conducting legitimate closeouts of appliances, clearance sales, or sales of damaged or returned appliances. All items required by service rules of this Board are exempted.

F. The provision of free, or at less than cost or value, installation, operation, repair, modification or maintenance of appliances, equipment, wiring or piping to any person. This would not include services provided for the convenience and safety of customers such as gas leak testing, lighting of furnaces, etc.

G. The granting of a trade-in allowance on the purchase of any appliance or equipment in excess of the reasonable value of the trade-in based on the past experience of a company or the granting of a trade-in allowance for such appliance or equipment when such allowance varies by the type of energy consumed in the trade-in.

H. The financing of the acquisition of any appliance or equipment at a rate of interest or on terms significantly more favorable than those generally applicable to sales by nonutility dealers in such appliances or equipment.

I. The furnishing of consideration to any person for any advertising or publicity purpose of such person, except where appropriately classified to another account.

J. The guaranteeing of the maximum cost of electric utility service, except under published tariffs.

**ITEMS**

Labor: (Related to Promotional Practices)

1. Salary of employees engaged directly or indirectly in promotional practices defined.
2. Clerical and stenographic work performed in relation to promotional practices.
3. Fees paid to consultants, agents, attorneys, etc., on related promotional practices.

Materials and Expenses: (Related to Promotional Practices)

4. Amounts spent on postage, office supplies, displays, posters, exhibits, etc.

5. Films, movies, photographs prepared for promotional activities.
6. Expenses paid such as lodging, food, entertainment expenses.
7. Transportation by company auto or plane and public transportation of any mode.

#### **426 Miscellaneous Income Deductions**

Immediately following the current text and item list add the following:

7. Promotional advertising expenses.
8. Institutional or goodwill advertising expenses.
9. Rate justification advertising expenses.

The following specific subaccount instructions pertain to items 4, 7, 8, and 9 listed above:

#### **426.4 Political Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising whether on a national, regional, or local basis, which are designed to influence public opinion with respect to the election or appointment of public officials or the adoption, repeal, revocation, or modification of referenda, legislation, or ordinances. The account shall also include expenditures for influencing the decisions of public officials not including such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with utility's existing or proposed operations.

B. Entries relating to political advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where political advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expenses for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

### ITEMS

Labor: (Related to Political Advertising)

1. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting promotional motion pictures, radio, and television programs.
2. Preparing booklets, bulletins, etc., used in direct mail.
3. Preparing window and other displays.
4. Clerical and stenographic work.
5. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Political Advertising)

6. Advertising in newspapers, periodicals, billboards, radio, etc.
7. Advertising matters such as posters, bulletins, booklets, and related items.
8. Fees and expenses of advertising agencies and commercial artists.
9. Novelties for general distribution.
10. Postage on direct-mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

**NOTE:** Franchise advertising and related expenses shall be charged to account 913.5 or 302.

#### **426.7 Promotional Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising designed to promote or retain the use of utility service, except (1) advertising the sale of merchandise, (2) load factor advertising, or (3) advertising which is part of a promotional practice, or a program which includes a promotional practice, designed to develop or implement programs that promote energy efficiency and are part of the utility's energy efficiency plan developed pursuant to 199 IAC 35.

B. Entries relating to promotional advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where promotional advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expenses for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Promotional Advertising)

1. Direct supervision of advertising activities.
2. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Promotional Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matters such as posters, bulletins, booklets, and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct-mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing of booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising materials.
15. Office supplies and expenses.

NOTE A: The cost of advertisements, which sets forth the value or advantages of utility service (without reference to specific appliances or if reference is made to appliances from dealers or refers to appliances not carried for sale by the utility), shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes of appliances sold by the utility and prices, terms, etc., thereof, without referring to the value or advantages of utility service, shall be considered as merchandise advertising, and the cost shall be charged to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes or appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement, and the costs shall be distributed between this account and account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, on the basis of space, time, or other proportional factors.

#### **426.8 Institutional or Goodwill Advertising Expenses.**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising which is designed to create, enhance, or sustain the utility's image or goodwill to the general public or its customers.

B. Entries relating to institutional or goodwill advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate or any party involved in a discovery proceeding.

C. Where institutional or goodwill advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Institutional or Goodwill Advertising)

1. Supervision of advertising activities.
2. Preparing material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio, and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Institutional or Goodwill Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matters such as posters, bulletins, booklets, and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage on direct-mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.
14. Novelties for general distribution.

Below are examples of the advertising to be included in this account:

- (a) Pronouncements primarily lauding the utility or the area or community it serves.
- (b) Advertising activities to inform the ratepayers of the social and economic advantages or status of the area or community it serves.
- (c) Advertising activities to inform the public of the utility's participation in programs to improve the economic condition of the area or community it serves.
- (d) Advertising activities to inform the public of the utility's role of good citizenship.
- (e) Information and routine data supplied by the utility to local governments, planning agencies, civic groups, businesses, and the general public which is not inclusive in account 909.3, Informational Consumer Advertising Expenses.
- (f) Advertising activities to inform the public of the utility's consciousness of, or involvement in, health, safety, conservation, or environmental programs, except as included in accounts 909.1, 909.2 and 909.3.

#### **426.9 Rate Justification Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising, whether on a regional or local basis which is designed to promote public acceptance of utility rate increases or the utility's filed rates. The account shall also include all costs incurred by the utility for advertising in opposition to the decision of the regulatory agency. However, the expenses associated with simply informing customers that new rates have been requested shall be recorded in account 928.

B. Entries relating to rate justification advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate or any party involved in a discovery proceeding.

C. Where advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

## ITEMS

Labor: (Related to Rate Justification Advertising)

1. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
2. Preparing booklets, bulletins, etc., used in direct mail.
3. Preparing window and other displays.
4. Clerical and stenographic work.
5. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Rate Justification Advertising)

6. Advertising in newspapers, periodicals, billboards, radio, etc.
7. Advertising matters such as posters, bulletins, booklets, and related items.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.

**909.1 Conservation Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities which primarily inform the customer of the reasons for and methods whereby energy may be conserved and energy consumption reduced by the consumer. Include in this account advertising activity relating to the electric utility which is related directly to company's provision of service to the customer during energy, fuel, and related shortages.

B. Entries relating to conservation advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate or any party involved in a discovery proceeding.

C. Where conservation advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

## ITEMS

Labor: (Related to Conservation Advertising)

1. Direct supervision of advertising activities.
2. Preparation of materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparation of booklets, bulletins, etc., used in direct mail.
4. Preparation of window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Conservation Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

Below are examples of the advertising to be included in this account:

(a) Instructions in the proper use of equipment owned by the utility or the customer which will result in less consumption of energy.

(b) Advertising designed to convince consumers to turn down thermostats, turn off lights when not in use, and turn off appliances, television sets, etc., when not in use.

### **909.2 Environmental Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities which primarily are designed to inform the public concerning the methods by which customers can participate with the utility in preserving and improving the environment. However, advertising which is primarily designed to laud the utility's achievements or projects purporting to preserve or enhance the environment, shall be recorded in account 426 (subaccount 8).

B. Entries relating to environmental advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate or any party involved in a discovery proceeding.

C. Where environmental advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expenses for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

### **ITEMS**

Labor: (Related to Environmental Advertising)

1. Direct supervision of advertising activities.
2. Preparation of materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparation of booklets, bulletins, etc., used in direct mail.
4. Preparation of window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Environmental Advertising)

7. Advertising in newspapers, periodicals, billboards, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

### **909.3 Informational Consumer Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing electric service to protect their health and safety, to utilize their electric equipment safely and economically.

B. Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where informational advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

### **ITEMS**

Labor: (Related to Informational Consumer Advertising)

1. Direct supervision of advertising activities.
2. Preparing materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Informational Consumer Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

Below are examples of the advertising to be included in this account:

- (a) Instructions in the proper use of equipment owned by the utility or the customer which make use of the utility's service.
- (b) Information as to new rates, billing practices, new inspection, or meter-reading schedules.
- (c) Notification of emergency conditions and procedures to be followed during the emergency.
- (d) Advice concerning hazards associated with the utility's electric service.

NOTE: Exclude from this account and charge to account 930, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Also, exclude all expenses of promotional, institutional, or goodwill, and political advertising. (See account 426.7, Promotional Advertising Expenses; account 426.8, Institutional or Goodwill Advertising Expenses; and account 426.4, Political Advertising Expenses.)

Advertising expense directly related to obtaining a franchise or renewing an old franchise shall be charged to account 302, Franchise and Consents. Such amounts shall be maintained in a separate subaccount for ready identification.

Advertising expense directly related to securing of new debt financing shall be charged to account 181, Unamortized Debt Discount and Expense. Such amounts shall be maintained in a separate subaccount for ready identification.

Advertising expense directly related to securing of new equity financing shall be charged to account 214, Capital Stock Expense. Such amounts shall be maintained in a separate subaccount for ready identification.

#### **909.4 Load Factor Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities designed to improve load factor so that plant and equipment already installed can be operated more efficiently and to a greater degree of capability, thereby resulting in lower overall costs to the consumer.

B. This shall include advertising expenditures which are designed to further industrial and commercial development of the company's service area.

C. Entries relating to load factor advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate or any party involved in a discovery proceeding.

D. Where load factor advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa electric utility and included in this account, shall be deter-

mined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Relating to Load Factor Advertising)

1. Direct supervision of advertising activities.
2. Preparation of advertising materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparation of booklets, bulletins, etc., used in direct mail.
4. Preparation of window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Load Factor Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

Below is an example of the advertising to be included in this account:

- (a) Encouragement for manufacturers to go to night operations.

#### **913 Advertising Expenses**

Delete the entire current text of this account and add the following subaccount:

#### **913.5 Franchise Advertising Expenses**

- A. This account shall include only reasonable advertising expenditures for the purpose of obtaining approval, modification, or revocation of franchises.
- B. Entries relating to reasonable franchise advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising matter shall be readily available to staff, the consumer advocate or any party involved in a discovery proceeding.

#### ITEMS

Labor: (Related to Franchise Advertising)

1. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
2. Preparing booklets, bulletins, etc., used in direct mail.
3. Preparing window and other displays.
4. Clerical and stenographic work.
5. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Franchise Advertising)

6. Advertising in newspapers, periodicals, billboards, radio, etc.
7. Advertising matters such as posters, bulletins, booklets, and related items.
8. Fees and expenses of advertising agencies and commercial artists.
9. Novelties for general distribution.
10. Postage on direct-mail advertising.
11. Printing of booklets, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

#### **930 Miscellaneous General Expenses**

Delete the current Item No. 12 of this account and renumber the current Item No. 13 to become Item No. 12.

**16.2(9)** Accounts 421.1 or 421.2 as they are defined and exist in the uniform system of accounts, shall be used to account for the gain or loss on the sale, conveyance, exchange, or transfer of utility or other property, including land and land rights, unless otherwise authorized or required by the board for good cause shown.

**16.2(10)** Account 105 of the uniform systems of accounts Section 101 is modified in subparagraph “D” by deleting the following language: “in accounts 411.6 or 411.7, as appropriate except when determined to be significant by the board. Upon such a determination, the amounts shall be transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate” and substituting in lieu thereof: “in accounts 421.1 or 421.2, as appropriate unless otherwise authorized or required by the board for good cause shown.”

**199—16.3(476) Uniform systems of accounts—gas.** The uniform systems of accounts for natural gas companies subject to the provisions of the Natural Gas Act, Parts 201 and 204 in the Federal Energy Regulatory Commission’s rules and regulations, in effect on May 29, 1974, together with amendments thereto issued through February 2, 1977, are adopted with the following modifications:

**16.3(1)** Definition 7 is changed to read: “‘Commission,’ means the Iowa state utilities board except where reference is made to the authority of the Federal Energy Regulatory Commission under the Natural Gas Act and where the Iowa state utilities board does not have the same or similar authority under Iowa Code chapter 476, where “Commission” shall mean the Federal Energy Regulatory Commission.”

**16.3(2)** Definition 19 is changed to read: “‘Natural gas company,’ means a person furnishing gas by piped distribution system to the public for compensation.”

**16.3(3)** General instruction 1-A of the uniform systems of accounts for gas utilities is changed for Class D gas utilities to read: “Utilities having annual gas operating revenues of less than \$150,000.00.”

**16.3(4)** General instruction 1-B of the uniform systems of accounts for gas utilities is modified to add the following sentence: “Gas utilities subject to rate regulation by the board shall keep all the accounts of these systems of accounts which are applicable to their affairs, and gas utilities not subject to rate regulation shall keep the accounts of these systems of accounts for operating revenues only.”

**16.3(5)** General instruction 1-D of the uniform systems of accounts for gas utilities is modified by adding the following sentence: “It is recommended but not required that gas utilities not subject to rate regulation keep all applicable accounts as recommended for Class A, B, C and D gas utilities.”

**16.3(6)** General instruction 2-D of the uniform systems of accounts for gas utilities is modified by adding the following sentence: “This shall not prohibit the gas utilities from using additional accounts as they are required or permitted to keep for their reporting to other regulatory authorities or to their stockholders, providing the board is notified of the nature, amount and purpose of such accounts in the annual report to the board and at such other times as may be requested.”

**16.3(7)** The definitions for the uniform systems of accounts for gas utilities, when used in account 424, “Promotional Practices,” are modified to include the following definitions:

50. The word “*affiliate*” shall mean any person doing business in this State who directly or indirectly controls or is controlled by or is under common control with, a public utility.

51. The words “*appliance or equipment*” shall mean any device, including a fixture, which consumes electric energy and any ancillary device required for its operation.

52. The word “*consideration*” shall mean any cash, donation, gift, allowance, rebate, bonds, merchandise (new or used), property (tangible or intangible), labor, service conveyance, commitment, right or other thing of value.

53. The word “*financing*” shall include acquisition of equity or debt interests, loans, guarantee of loans, advances, sale and repurchase agreements, sale and lease-back agreements, sales on open account, conditional or installment sales contracts, or other investment or extensions of credit.

54. The word “*person*” shall include any individual, architect, builder, engineer, subdivider, developer, dealer, group, firm, partnership, corporation, cooperative, association, or other organization, but not including state or local political subdivisions or municipal corporations.

55. The words “*public utility*” or “*utility*” shall include persons defined to be public utilities in Iowa Code section 476.1.

56. The words “*promotional practices*” shall mean any consideration offered or granted by a public utility or its affiliate to any person for the purpose, express or implied, of inducing such person to select or use the service or additional service of such utility, or to select or install any appliance or equipment designed to use such utility service; provided that the words “*promotional practices*” shall not include the following activities:

(a) Providing repairs and service to appliances or equipment of customers of a public utility in an emergency or to restore service or to prevent hazardous conditions or service interruptions.

(b) Inspection and adjustment of appliances or equipment by a public utility.

(c) Repairs and other maintenance to appliances or equipment by a public utility that could be performed by an independent appliance dealer or service shop if charges are at cost or above.

(d) Providing service, wiring, piping, appliances, or equipment in accordance with tariffs, rules or regulations of a public utility on file with and approved by the board.

(e) Providing appliances, equipment or instructional services to an educational institution for the purpose of instructing students in the use or repair of such appliances or equipment.

(f) Providing discounts or financing employees of a public utility to encourage their use of the utility’s service.

(g) Merchandising and related inventory of appliances or equipment for sale at retail and making and fulfilling reasonable warranties against defects in material and workmanship in appliances or equipment existing at the time of delivery; the elimination of hazardous conditions which due to a grandfather provision would not be corrected by the customer and yet would require correction to protect the public and minimize company liability.

(h) The replacement or alterations to a customer’s obsolete or inefficient system.

(i) Technical, informational, or educational assistance offered to persons on the use of energy furnished by a public utility or on the use of maintenance of appliances or equipment.

(j) Lunches, gifts, door prizes, etc., presented for attendance at informational meetings, conferences, etc., valued at \$10 or less shall not be considered to be a promotional practice.

(k) Providing appliances or equipment incidental to exhibitions, demonstrations, tests or experiments of reasonable duration.

(l) Any promotional practice, or program which includes a promotional practice, designed to develop or implement programs that promote energy efficiency.

**16.3(8)** The uniform systems of accounts for gas utilities are modified to include the following:

**424 Promotional practices**

This account shall include the cost of labor, materials used and expenses or losses incurred by the utility or an affiliate (where such costs are charged back to the company) on promotional practices. Promotional practices, or programs which include promotional practices, and the labor, materials, and expenses related to promotional practices, which are exempted by subrule 16.7(2) need not be included in this account. The account shall include, but not be limited to, the following items:

A. The financing of land or the construction of any building when same is not owned or otherwise possessed by the utility or its affiliate without board written approval.

B. The furnishing of consideration to any person for work done or to be done on property not owned or otherwise possessed by the utility or its affiliate, except for the following: Studies to determine comparative capital or operating costs and expenses, or to show the desirability and feasibility of selecting one form of energy over another, contributions for research and development of new energy sources, etc.

C. The acquisition from any person of any tangible or intangible property or service for a consideration in excess of the value thereof or the furnishing to any person of any tangible property or service for a consideration of less than the value thereof. “Value” in this instance is defined as the fair market

price of the property or service under competitive market conditions and under arm's length conditions.

D. The furnishing of consideration to any person for the sale, installation, or use of appliances or equipment of one form of energy over another. Employees who are paid a commission in lieu of salary for the initial sale of appliances are exempted.

E. The provision of free, or at less than cost or value, wiring, piping, appliances, or equipment to any person; provided that a utility, engaged in an appliance merchandising sales program, shall not be precluded from conducting legitimate closeouts of appliances, clearance sales, or sales of damaged or returned appliances. All items required by service rules of this board are exempted.

F. The provision of free, or at less than cost or value, installation, operation, repair, modification or maintenance of appliances, equipment, wiring or piping to any person. This would not include services provided for the convenience and safety of customers such as gas leak testing, lighting of furnaces, etc.

G. The granting of a trade-in allowance on the purchase of any appliance or equipment in excess of the reasonable value of the trade-in based on the past experience of a company or the granting of a trade-in allowance for such appliance or equipment when such allowance varies by the type of energy consumed in the trade-in.

H. The financing of the acquisition of any appliance or equipment at a rate of interest or on terms significantly more favorable than those generally applicable to sales by nonutility dealers in such appliances or equipment.

I. The furnishing of consideration to any person for any advertising or publicity purpose of such person, except where appropriately classified to another account.

J. The guaranteeing of the maximum cost of gas utility service, except under published tariffs.

#### ITEMS

Labor: (Related to Promotional Practices)

1. Salary of employees engaged directly or indirectly in promotional practices defined.
2. Clerical and stenographic work performed in relation to promotional practices.
3. Fees paid to consultants, agents, attorneys, etc., on related promotional practices.

Materials and Expenses: (Related to Promotional Practices)

4. Amounts spent on postage, office supplies, displays, posters, exhibits, etc.
5. Films, movies, photographs prepared for promotional activities.
6. Expenses paid such as lodging, food, entertainment expenses.
7. Transportation by company auto or plane and public transportation of any mode.

#### **426 Miscellaneous Income Deductions**

Immediately following the current text and item list add the following:

7. Promotional advertising expenses.
8. Institutional or goodwill advertising expenses.
9. Rate justification advertising expenses.

The following specific subaccount instructions pertain to items 4, 7, 8, and 9 listed above:

#### **426.4 Political Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising whether on a national, regional, or local basis, which are designed to influence public opinion with respect to the election or appointment of public officials or the adoption, repeal, revocation, or modification of referenda, legislation, or ordinances. The account shall also include expenditures for influencing the decisions of public officials not including such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with utility's existing or proposed operations.

B. Entries relating to political advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where political advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expenses for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Political Advertising)

1. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting promotional motion pictures, radio, and television programs.
2. Preparing booklets, bulletins, etc., used in direct mail.
3. Preparing window and other displays.
4. Clerical and stenographic work.
5. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Political Advertising)

6. Advertising in newspapers, periodicals, billboards, radio, etc.
7. Advertising matters such as posters, bulletins, booklets, and related items.
8. Fees and expenses of advertising agencies and commercial artists.
9. Novelties for general distribution.
10. Postage on direct-mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

**NOTE:** Franchise advertising and related expenses shall be charged to account 913.5 or 302.

#### **426.7 Promotional Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising designed to promote or retain the use of utility service, except (1) advertising the sale of merchandise, (2) load factor advertising or (3) advertising which is part of a promotional practice, or a program which includes a promotional practice, designed to develop or implement programs that promote energy efficiency and are part of the utility's energy efficiency plan developed pursuant to 199 IAC 35.

B. Entries relating to promotional advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where promotional advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expenses for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Promotional Advertising)

1. Direct supervision of advertising activities.
2. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Promotional Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matters such as posters, bulletins, booklets, and related items.

9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct-mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing of booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising materials.
15. Office supplies and expenses.

NOTE A: The cost of advertisements, which sets forth the value or advantages of utility service (without reference to specific appliances or if reference is made to appliances from dealers or refers to appliances not carried for sale by the utility), shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes of appliances sold by the utility and prices, terms, etc., thereof, without referring to the value or advantages of utility service, shall be considered as merchandise advertising, and the cost shall be charged to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes or appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement, and the costs shall be distributed between this account and account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, on the basis of space, time, or other proportional factors.

#### **426.8 Institutional or Goodwill Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising which is designed to create, enhance, or sustain the utility's image or goodwill to the general public or its customers.

B. Entries relating to institutional or goodwill advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where institutional or goodwill advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Institutional or Goodwill Advertising)

1. Supervision of advertising activities.
2. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Institutional or Goodwill Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matters such as posters, bulletins, booklets, and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage on direct-mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

## 14. Novelties for general distribution.

Below are examples of the advertising to be included in this account:

- (a) Pronouncements primarily lauding the utility or the area or community it serves.
- (b) Advertising activities to inform the ratepayers of the social and economic advantages or status of the area or community it serves.
- (c) Advertising activities to inform the public of the utility's participation in programs to improve the economic condition of the area or community it serves.
- (d) Advertising activities to inform the public of the utility's role of good citizenship.
- (e) Information and routine data supplied by the utility to local governments, planning agencies, civic groups, businesses, and the general public which is not inclusive in account 909.3, Informational Consumer Advertising Expenses.
- (f) Advertising activities to inform the public of the utility's consciousness of, or involvement in, health, safety, conservation, or environmental programs, except as included in accounts 909.1, 909.2 and 909.3.

**426.9 Rate Justification Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising, whether on a regional or local basis which is designed to promote public acceptance of utility rate increases or the utility's filed rates. The account shall also include all costs incurred by the utility for advertising in opposition to the decision of the regulatory agency. However, the expenses associated with simply informing customers that new rates have been requested shall be recorded in account 928.

B. Entries relating to rate justification advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

**ITEMS**

Labor: (Related to Rate Justification Advertising)

1. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
2. Preparing booklets, bulletins, etc., used in direct mail.
3. Preparing window and other displays.
4. Clerical and stenographic work.
5. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Rate Justification Advertising)

6. Advertising in newspapers, periodicals, billboards, radio, etc.
7. Advertising matters such as posters, bulletins, booklets, and related items.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.

**909.1 Conservation Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities which primarily inform the customer of the reasons for and methods whereby energy may be conserved and energy consumption reduced by the consumer. Include in this account advertising activity relating to the gas utility which is related directly to company's provision of service to the customer during energy, fuel, and related shortages.

B. Entries relating to conservation advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where conservation advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account, shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Conservation Advertising)

1. Direct supervision of advertising activities.
2. Preparation of materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparation of booklets, bulletins, etc., used in direct mail.
4. Preparation of window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Conservation Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

Below are examples of the advertising to be included in this account:

- (a) Instructions in the proper use of equipment owned by the utility or the customer which will result in less consumption of energy.
- (b) Advertising designed to convince consumers to turn down thermostats, turn off appliances, etc., when not in use.

#### **909.2 Environmental Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities which primarily are designed to inform the public concerning the methods by which customers can participate with the utility in preserving and improving the environment. However, advertising which is primarily designed to laud the utility's achievements or projects purporting to preserve or enhance the environment shall be recorded in account 426 (subaccount 8).

B. Entries relating to environmental advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where environmental advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expenses for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account shall be determined in accordance with the text of this account as set forth herein.

#### ITEMS

Labor: (Related to Environmental Advertising)

1. Direct supervision of advertising activities.
2. Preparation of materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.

3. Preparation of booklets, bulletins, etc., used in direct mail.
4. Preparation of window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Environmental Advertising)

7. Advertising in newspapers, periodicals, billboards, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

### **909.3 Informational Consumer Advertising Expenses**

A. This account shall include the cost of labor, materials used, and expenses incurred in advertising activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing gas service to protect their health and safety, and to utilize their gas equipment safely and economically.

B. Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising message shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

C. Where informational advertising is undertaken by an association on behalf of its members or by a holding company on behalf of its subsidiaries, the amount of expense for such advertising charged to any member or subsidiary which is an Iowa gas utility and included in this account shall be determined in accordance with the text of this account as set forth herein.

### ITEMS

Labor: (Related to Informational Consumer Advertising)

1. Direct supervision of advertising activities.
2. Preparing materials for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Informational Consumer Advertising)

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Fees and expenses of advertising agencies and commercial artists.
9. Postage on direct-mail advertising.
10. Printing of booklets, dodgers, bulletins, etc.
11. Supplies and expenses in preparing advertising materials.
12. Office supplies and expenses.
13. Novelties for general distribution.

Below are examples of the advertising to be included in this account:

- (a) Instructions in the proper use of equipment owned by the utility or the customer which make use of the utility's service.
- (b) Information as to new rates, billing practices, new inspection, or meter-reading schedules.
- (c) Notification of emergency conditions and procedures to be followed during the emergency.
- (d) Advice concerning hazards associated with the utility's gas service.

**NOTE:** Exclude from this account and charge to account 930, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Also, exclude all expenses of promotional, institutional, or goodwill, and political advertising. (See account 426.7, Promotional Advertising Expenses; account 426.8, Institutional or Goodwill Advertising Expenses; and account 426.4, Political Advertising Expenses.)

Advertising expense directly related to obtaining a franchise or renewing an old franchise shall be charged to account 302, Franchise and Consents. Such amounts shall be maintained in a separate sub-account for ready identification.

Advertising expense directly related to securing of new debt financing shall be charged to account 181, Unamortized Debt Discount and Expense. Such amounts shall be maintained in a separate sub-account for ready identification.

Advertising expense directly related to securing of new equity financing shall be charged to account 214, Capital Stock Expense. Such amounts shall be maintained in a separate subaccount for ready identification.

### **913 Advertising Expenses**

Delete the entire current text of this account and add the following subaccount:

#### **913.5 Franchise Advertising Expenses**

A. This account shall include only reasonable advertising expenditures for the purpose of obtaining approval, modification, or revocation of franchises.

B. Entries relating to reasonable franchise advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies or scripts of the advertising matter shall be readily available to staff, the consumer advocate, or any party involved in a discovery proceeding.

### **ITEMS**

Labor: (Related to Franchise Advertising)

1. Preparing material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio, and television programs.
2. Preparing booklets, bulletins, etc., used in direct mail.
3. Preparing window and other displays.
4. Clerical and stenographic work.
5. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses: (Related to Franchise Advertising)

6. Advertising in newspapers, periodicals, billboards, radio, etc.
7. Advertising matters such as posters, bulletins, booklets, and related items.
8. Fees and expenses of advertising agencies and commercial artists.
9. Novelties for general distribution.
10. Postage on direct-mail advertising.
11. Printing of booklets, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

Delete the current Item No. 12 of this account and renumber the current Item No. 13 to become Item No. 12.

**16.3(9)** Account 421.1 or 421.2 as they are defined and exist in the uniform system of accounts, shall be used to account for the gain or loss on the sale, conveyance, exchange, or transfer of utility or other property, including land and land rights, unless otherwise authorized or required by the board for good cause shown.

**16.3(10)** Accounts 105 and 105.1 of the uniform system of accounts Section 201 is modified in subparagraph "D" by deleting the following language: "in account 411.6 or 411.7, as appropriate except when determined to be significant by the board. Upon such a determination, the amounts shall be

transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to account 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate” and substituting in lieu thereof: “in account 421.1 or 421.2, as appropriate, unless otherwise authorized or required by the board for good cause shown.”

These rules are intended to implement Iowa Code sections 476.1, 476.2, 476.8 and 476.9.

**199—16.4(476) Uniform system of accounts—water.** The 1973 uniform system of accounts for Class A, B, C, and D water utilities published by the National Association of Regulatory Utility Commissioners are adopted with the following modifications:

**16.4(1)** General instruction 2-D of the uniform system of accounts for water utilities is modified by adding the sentence: “This shall not prohibit water utilities from using such additional accounts as they are required or permitted to keep for their reporting to other regulatory authorities or to their stockholders, providing the board is notified of the nature, amount and purpose of such accounts in the annual report to the board and at such other times as may be requested by the board.”

**16.4(2)** Account 422 as defined and existing in the uniform system of accounts, shall be used to account for the gain or loss on the sale, conveyance, exchange, or transfer of utility or other property to another, unless otherwise authorized or required by the board for good cause shown.

**199—16.5(476) Uniform system of accounts—telephone.**

**16.5(1)** The uniform system of accounts (USOA) for Class A and B telephone companies contained in Title 47, Code of Federal Regulations, Part 32—Uniform System of Accounts for Telecommunications Companies, revised as of October 1, 1987, with additional revisions for Reconsideration of CC Docket No. 78-196 adopted by the Federal Communications Commission (FCC) on October 8, 1987; CC Docket No. 87-135 adopted by the FCC on June 28, 1988; and Further Reconsideration of CC Docket No. 86-111 adopted by the FCC on November 1, 1988, is adopted with the modifications which follow.

**16.5(2)** Required accounts. The uniform system of accounts as modified below shall be required for telephone companies as follows:

*a.* All rate-regulated local exchange utilities shall be required to keep and render to the Iowa state utilities board (board) accounts consistent with the uniform system of accounts as modified in subrules 16.5(1) to 16.5(476).

*b.* In lieu of the uniform system of accounts, each rate-regulated interexchange utility not otherwise included in 16.5(2)“*a*” above shall file as a part of its tariff sheets, a chart of the accounts used. Upon approval, the chart shall be kept current. All subsequent reports to the board and filings in rate case proceedings shall be based upon the chart of accounts as approved by the board. To receive approval the accounts must be sufficiently specific to permit the board to carry out its regulatory function.

*c.* Local exchange utilities not subject to rate regulation shall keep the revenue accounts as required in paragraph “*a*” above and it is recommended but not required that the remainder of the accounts be kept as required in paragraph “*a*” above.

*d.* AOS utilities that set rates at or below the corresponding rates for similar services of utilities whose rates have been approved by the board in a rate case or set in a market determined by the board to be competitive shall be excluded from the requirements of paragraphs “*a*” and “*b*” above.

**16.5(3)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.11(a), is modified by inserting \$10,000,000 in lieu of the \$100,000,000 in both places where that figure appears.

**16.5(4)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.12(a), is modified as follows: “The company’s financial records shall be kept in accordance with generally accepted accounting principles to the extent permitted by the board.”

**16.5(5)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.13(d)(1), is modified as follows: “Complying with the requirements of federal or other state commission(s) having jurisdiction; or”.

**16.5(6)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.14(c) Regulated Accounts, are modified by inserting “. . . Section 32.4999(k), shall be recorded in Account 7991, Other Nonregulated Revenue,” in lieu of “Section 32.4999(l), shall be recorded in Account 5280, Nonregulated operating revenue.”

**16.5(7)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.16, Changes in Accounting Standards, is deleted in its entirety.

**16.5(8)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.18, is modified by substituting the words “Iowa State Utilities Board” in lieu of the words “Federal Communications Commission.”

**16.5(9)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.22(a), is modified as follows: “Companies shall apply interperiod tax allocation (tax normalization to only those book/tax timing differences which must be normalized to preserve the eligibility for tax benefits or are required by the board to be normalized.”

**16.5(10)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.22(c), is deleted.

**16.5(11)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.22(e)(2), is modified by deleting the period at the end of the paragraph and adding, at that point, “, only upon approval of the board.”

**16.5(12)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.23(c) Nonregulated activities, are modified by inserting the phrase “Section 32.4999(k), shall be recorded in separate subsidiary record categories of Account 7991, Other nonregulated operating revenue,” in lieu of the phrase “Section 32.4999(l), shall be recorded in separate subsidiary record categories of Account 5280, Nonregulated operating revenue.”

**16.5(13)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.24(b), is modified by striking the period after “ten years” and adding “unless otherwise determined by the board.”

**16.5(14)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.24(c), is modified by substituting “the” in lieu of “that no more than ten”.

**16.5(15)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.25, Unusual Items and Contingent Liabilities, is deleted in its entirety.

**16.5(16)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.27, Transactions with affiliates, are modified to read as follows, “The principles set forth in this section shall apply equally to corporations, proprietorships, partnerships and other forms of business organizations.”

**16.5(17)** The description for Account 32.1220 Inventories, paragraph (a) is modified to read as follows: “This account shall include the cost of materials and supplies held in stock.”

**16.5(18)** The description for Account 32.1220 Inventories, is modified by deleting paragraph (i) in its entirety.

**16.5(19)** The description for Account 31.1500 of the FCC uniform system of accounts for telephone companies is modified by adding “accounting and” after “jurisdictional” and substituting the word “Board” in lieu of the word “Commission” in the body of the section.

**16.5(20)** The instructions for telecommunications plant accounts of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.2000(b)(1), is modified by inserting a period (.) after the words “original cost” and deleting all after this period.

**16.5(21)** The instructions for telecommunications plant accounts of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.2000(b)(4), is modified by deleting the paragraph “4” in its entirety.

**16.5(22)** The instructions for telecommunications plant accounts of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.2000(c)(2)(x)(B), is modified by substituting the word “Board” in lieu of the word “Commission”.

**16.5(23)** The instructions for telecommunications plant accounts of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.2000(c)(2)(x)(C), is modified by substituting the word “Board” in lieu of the word “Commission”.

**16.5(24)** The instructions for telecommunications plant accounts of the FCC uniform system of accounts for Class A and Class B telephone companies, Section 32.2000(j), is modified by deleting the account titles and numbers for accounts 2310 through 2351 inclusive.

**16.5(25)** The description for Account 32.2005 Telecommunications Plant Adjustment, paragraph (a), is modified by substituting “(1) the amount of money actually paid (or the current money value of any consideration other than money exchanged) for” in lieu of the phrase “(1) the fair market value of”.

**16.5(26)** The description for Account 32.2005 Telecommunications Plant Adjustment, paragraph (b), is modified by substituting the word “Board” for the word “Commission” where it appears in subparagraphs (1), (2), and (3).

**16.5(27)** The FCC uniform system of accounts, Account 32.2007 Goodwill, is modified by adding “Note: Goodwill shall not be included in the Iowa jurisdictional rate base.”

**16.5(28)** The description for Subaccount 32.2231.2 Other Radio Facilities is modified by adding: “Note: This subaccount is not applicable to the deregulated radio services Mobile Telephone and Paging, see Docket No. INU-86-2.”

**16.5(29)** The FCC uniform system of accounts is modified by deleting accounts 32.2310 through 32.2351, inclusive, in their entirety.

**16.5(30)** The description for Account 32.2362 Other Terminal Equipment is modified by deleting the phrase “Specialized communications equipment provided to meet the needs of the disabled,” and “, etc.” in paragraph “a.”

**16.5(31)** The description for Account 32.2426 Intrabuilding Network Cable is modified as follows:

1. Add the phrase “the remaining balance of” after the word “include” in the first sentence.
2. Substitute the word “customer’s” in lieu of the word “company’s” in the first sentence.
3. Delete the remainder of the description starting at the beginning of the second sentence.
4. Add “Note: See Iowa Administrative Code 199—22.11(476) for the board’s rules pertaining to this account.”

**16.5(32)** The instructions for revenue accounts of the FCC uniform system of accounts, Section 32.4999 are modified as follows:

- a. Delete paragraph letter (l) in its entirety.
- b. Paragraph (n) is modified by deleting the account titles Cellular Mobile Revenue, Other Mobile Services Revenue, Public Telephone Revenue, Customer Premises Revenue, Nonregulated operating revenue and the account numbers 5003, 5004, 5010, 5050, 5280.

**16.5(33)** The description for Account 32.5001(a) Basic Area Revenue is modified by deleting the last sentence which begins: “Also included...”

**16.5(34)** The FCC uniform system of accounts is modified by deleting the Account 32.5003 Cellular Mobile Revenue in its entirety.

**16.5(35)** The FCC uniform system of accounts is modified by deleting the Account 32.5004 Other Mobile Services Revenue in its entirety.

**16.5(36)** The FCC uniform system of accounts is modified by deleting the Account 32.5010 Public Telephone Revenue in its entirety.

**16.5(37)** The FCC uniform system of accounts is modified by deleting the Account 32.5050 Customer Premises Revenue in its entirety.

**16.5(38)** The FCC uniform system of accounts is modified by deleting the Account 32.5280 Non-regulated operating revenue in its entirety.

**16.5(39)** The instruction for Expense Accounts of the FCC uniform system of accounts, Section 32.5999(h), is modified by deleting accounts 6310 through 6351, inclusive, as well as the associated account titles.

**16.5(40)** The description for Account 32.6231 Radio Systems Expense is modified by adding: “Note: This subaccount is not applicable for the deregulated services, Mobile Telephone and Paging, see Docket No. INU-86-2.”

**16.5(41)** The FCC uniform system of accounts is modified by deleting the Accounts 32.6310 through 32.6351, inclusive, in their entirety.

**16.5(42)** The description for Account 32.6623 Customer services, is modified by deleting paragraph (b) in its entirety.

**16.5(43)** The description for Account 32.6722 External Relations is modified by deleting item (c) in its entirety.

**16.5(44)** The description for Account 32.6722 External Relations is modified by adding the following: “Note A: Performing public relations and corporate image advertising activities are to be charged to Account 32.7370.”

**16.5(45)** The general instructions of the FCC uniform system of accounts for Class A and Class B telephone companies, 32.6999(b) Other Income Account Listing are modified by inserting under Jurisdictional differences and nonregulated income items the title, “Other nonregulated revenues,” and the account number, 7991.

**16.5(46)** The description for Account 32.7910 Income Effect of Jurisdictional Ratemaking Differences—Net is modified by inserting “the Iowa State Utilities Board” in lieu of the words “this Commission”.

**16.5(47)** The FCC uniform system of accounts is modified by inserting the following:  
Account 32.7991 Other nonregulated revenues.

*a.* This account shall include revenues derived from a nonregulated activity involving the common or joint use of assets and resources in the provision of regulated and nonregulated products and services, which are not provided for elsewhere in this system of accounts.

*b.* Separate subaccounts shall be maintained for each nonregulated revenue item recorded in this account.

This rule is intended to implement Iowa Code sections 476.1, 476.2, 476.8 and 476.9.

**199—16.6(476) Uniform system of accounts—telegraph.** The uniform system of accounts for telegraph utilities adopted by the FCC, editorial revision, effective December 7, 1963, are adopted with the following modifications:

The general instructions of the FCC uniform system of accounts for telegraph companies are modified by adding the following sentence: “This shall not prohibit the telephone companies from using such additional accounts as they are required or permitted to keep for their reporting to other regulatory authorities or to their stockholders, providing the board is notified of the nature, amount and purpose of such accounts in the annual report to the board and at such other times as may be requested by the board.”

**199—16.7(476) Filing of present promotional practices.** Each public utility subject to rate regulation shall file with the board within 60 days of the effective date of this rule a schedule setting forth each of the promotional practices in which engaged as defined in the board’s uniform system of accounts. All practices for which the costs are to be charged to account 424 (electric and gas) or 31.324 (telephone) shall be set forth. The accounts currently being charged with these practices shall be so listed. The company shall show the following data for each promotional practice:

1. The name, number, or letter designation of each such promotional practice.
2. The class of persons to which such promotional practice is being offered or granted.
3. Whether such promotional practice is being uniformly offered or granted to the persons within such class.
4. A description of such promotional practice which shall include a statement of the terms and conditions governing same.
5. A description of the advertising or publicity employed with respect to such promotional practice.

6. If such promotional practice is offered or granted, in whole or in part, by an affiliate or other person, the identity of such affiliate or person and the nature of such party's participation shall be disclosed.

7. The expiration date of the practice, if known, or an estimated date.

8. Other information relevant to a complete understanding of such promotional practice.

9. The date or estimated date of the beginning of such promotional practices.

Any promotional practice proposed subsequent to the initial listing outlined above shall be described in writing by the utility and such documentation provided the board no less than 30 days prior to its expected implementation.

**16.7(1)** Annual report. Rescinded IAB 11/6/96, effective 12/11/96.

**16.7(2)** Any promotional practice, or program which includes a promotional practice, designed to develop or implement programs that promote energy efficiency and are part of the utility's energy efficiency plan developed pursuant to 199 IAC 35 shall be deemed not to be a promotional practice for purposes of this rule and shall be exempt from the requirements of this rule.

**199—16.8(476) Compiling advertisements and expenses.** The burden of compiling and classifying advertisements and promotional expenses consistent with the directions of accounts 426, 426.4, et seq., 913.1, et seq., Uniform System of Accounts — Electric and Gas, 31.324, et seq., 31.642, et seq., Uniform System of Accounts — Telephone, and 910 Uniform System of Accounts — Water shall be borne by public utility companies. In this connection the burden of proof as to the accuracy of such classifications and expenses, as with other cost items, shall reside with the utility.

Where a given advertisement or group of advertisements may fall within more than one of the categories defined by accounts 426.4, et seq., 913.1, et seq., Uniform System of Accounts — Electric and Gas, 31.323, et seq., 31.642, et seq., Uniform System of Accounts — Telephone, and 910 Uniform System of Accounts — Water, the utilities shall apportion the expenses of such advertisements between the categories.

Every advertisement published, broadcast, or otherwise displayed or disseminated to the public by a public utility which is to be paid for by the utility's customers and is not required by the board or other state or federal regulation shall include the following statement: "The cost of this ad will be paid for by the customers of (Company Name)." This requirement shall not apply to advertisements for products or services that are or become subject to competition as determined by the board or are treated and accounted for as part of a utility's unregulated operations. When a public utility determines that the costs of an ad are to be charged in part to the customers and in part to the public utility, the public utility shall display the following notice: "x% of the cost of this ad will be paid for by the customers of (Company Name)." Any statement included in advertisements under this rule shall not affect the ability of the board to determine the proper ratemaking treatment of the cost of the advertisement.

**199—16.9(476) Postemployment benefits other than pensions.** Accrual accounting for postemployment benefits other than pensions in accordance with Statement of Financial Accounting Standard No. 106 (SFAS 106) will be permitted where:

1. The accrued postemployment benefit obligations have been funded in a segregated and restricted account or alternative arrangements have been approved by the board.

2. The net periodic postemployment benefit cost and accumulated postemployment benefit obligations have been determined by an actuarial study completed in accordance with the specific methods required and outlined by SFAS 106.

3. The transition obligation is amortized in accordance with SFAS 106.

These rules are intended to implement Iowa Code sections 476.1, 476.2, 476.8, 476.9, 476.17, and 546.7.

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\*Effective date 1/9/85 of rule 16.8 delayed 70 days by the Administrative Rules Review Committee.

\*\*Subrules 16.5(48) to 16.5(85) shall be effective on the date when Part 32 becomes effective as FCC rules, except subrule 16.5(49), paragraph “c” is effective 9/2/87.